

## Message Text

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ACTION SWF-02

INFO OCT-01 EA-11 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07

SS-20 STR-08 CEA-02 FEA-02 PRS-01 PA-04 USIA-15 L-03

DRC-01 IO-14 EUR-25 /212 W  
----- 126317

R 030905Z JUN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2306

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E.O. 11652: N/A

TAGS: EAGR, EAID

SUBJECT: FERTILIZER POLICY

REF: A. STATE 111099 B. TOKYO 6502

SUMMARY: AS JAPANESE INDUSTRY NOW NEGOTIATING NEW FERTILIZER EXPORT CONTRACTS, BOTH MITI AND INDUSTRY SOURCES DECLINED PROVIDE SPECIFIC INFO AT THIS TIME. HOWEVER, FONOFF SOURCE SAID HE HOPED BE ABLE TO RESPOND TO EMOFF'S INITIAL APPROACH (REF B) IN FEW DAYS. ACTION REQUESTED: RESPONSE TO EMBASSY'S EARLIER REQUEST FOR TVA REPORT. END SUMMARY.

1. FOLLOWING RECEIPT REF A EMOFF AGAIN DISCUSSED QUESTION OF FERTILIZER EXPORT PROSPECTS WITH YAMAURA OF CHEMICAL FERTILIZER DIVISION, MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI). YAMAURA EXPLAINED THAT JAPANESE INDUSTRY REPS ARE NOW NEGOTIATING EXPORT CONTACTS WITH POTENTIAL CUSTOMERS AND HE WAS NOT IN POSITION TO PROVIDE DETAILED INFO IN RESPONSE TO EMOFF'S QUESTIONS. HOWEVER, HE DID MAKE FOLLOWING POINTS:

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A) MITI ANTICIPATES THAT JAPANESE CHEMICAL FERTILIZER AVAILABLE FOR EXPORT WILL DECREASE 15 PERCENT IN NEW FERTILIZER YEAR. HOWEVER, IT POSSIBLE REDUCTION WILL BE SOMEWHAT LESS THAN 15 PERCENT. FURTHERMORE, INDUSTRY WILL ENDEAVOR TO GIVE PRIORITY TO LDC'S AND TO COUNTRIES WHOSE DEPENDENCE ON JAPAN FOR FERTILIZER IS HIGH.

B) INDUSTRY HOPES TO ESTABLISH SYSTEM OF UNIFORM PRICES FOR ALL CUSTOMERS THOUGH IT QUESTIONABLE WHETHER THIS CAN BE DONE.

C) IN VIEW UNCERTAINTIES RE PRICE AND SUPPLY OF PETROLEUM, NAPHTHA, ETC., AND TO AVOID BREAKING CONTRACTS, INDUSTRY PLANS ENTER ONLY SHORT TERM CONTRACTS, I.E. CONTRACTS WITH DURATION OF SEVERAL MONTHS OR AT MOST HALF YEAR.

2. DURING CONVERSATION REPORTED REF B, YAMAURA HAD EXPLAINED THAT DECREASING JAPANESE EXPORTS DUE TO FOLLOWING FACTORS: A) STATIC JAPANESE PRODUCTION. NEITHER JAPANESE PRODUCTION NOR NUMBER OF PLANTS HAS INCREASED SINCE 1972.

NO NEW PLANTS PRESENTLY PLANNED DUE TO

I) GOJ PRICE CONTROLS WHICH MAKE INVESTMENT UNPROFITABLE, II) FACT THE DOMESTIC PRODUCTION FAR EXCEEDS DOMESTIC DEMAND, III) LONG RANGE PROSPECTS FOR INCREASED AND MORE EFFICIENT PRODUCTION IN LDC'S AND PETROLEUM PRODUCING COUNTRIES. JAPANESE PLANTS NOW PRODUCING AT 90 PERCENT CAPACITY AND IT DIFFICULT TO RAISE THIS FIGURE.

B) RISING DOMESTIC DEMAND. IN PART DUE TO GOJ POLICY TO INCREASE RATE OF SELF-SUFFICIENCY IN FOODSTUFFS, DEMAND ROSE 7 PERCENT LAST YEAR AND SIMILAR INCREASE EXPECTED THIS YEAR.

C) UNCERTAINTIES SUCH AS I) PRICES AND SUPPLIES OF IMPORTED MATERIALS NEEDED FOR PRODUCTION, II) WHETHER GOJ PREFERENTIAL MEASURES FOR SUPPLY OF PETROLEUM AND ELECTRICITY TO INDUSTRY (WHICH NECESSITATED BY ENERGY CRISIS) WILL BE CONTINUED, III) CHANCE OF LIMITED OFFICIAL USE

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INDUSTRIAL ACCIDENTS. MITI ESTIMATE OF 15 PERCENT CUTBACK, SAID YAMAURA, ON PRUDENT SIDE TO ENSURE THAT CONTRACTS ACTUALLY SIGNED CAN BE FULFILLED.

3. INDUSTRY SOURCE (OFFICIAL OF JAPAN AMMONIUM SULPHATE INDUSTRY ASSOCIATION), WHEN QUERIED JUNE 3, SIMILARLY DECLINED TO PROVIDE SPECIFIC INFO AT THIS TIME OTHER THAN ESTIMATE (MORE PESSIMISTIC THAN MITI'S) THAT

CHEMICAL FERTILIZER EXPORTS, BULK OF WHICH GO TO LDC'S, MAY DECLINE AS MUCH AS 20 PERCENT FROM PREVIOUS YEAR'S LEVEL, THIS SOURCE NOTED THAT MIDDLE EASTERN AND EASTERN EUROPEAN EXPORTERS ARE MAKING INROADS INTO TRADITIONAL JAPANESE MARKETS, BUT WAS UNABLE TO ESTIMATE TO WHAT EXTENT THIS MIGHT COMPENSATE FOR DECREASING JAPANESE EXPORTS.

4. NISHIMURA OF PLANNING DIVISION, ECONOMIC COOPERATION BUREAU, TOLD EMOFF DURING BRIEF ENCOUNTER MAY 30 THAT HE HOPED TO BE ABLE WITHIN FE DAYS TO RESPOND TO EMOFF'S EARLIER APPROACH REPORTED REF B.

5. ACTION REQUESTED: EMBASSY WOULD APPRECIATE RESPONSE TO REQUEST FOR TVA REPORT (REF B).  
SHOESMITH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, POLICIES, EXPORTS, FERTILIZERS, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**TAGS:** EAGR, EAID, JA  
**To:** STATE  
**Type:** TE  
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